

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Cheboygan Airport Authority		County Cheboygan	
Audit Date 12/31/04		Opinion Date 1/19/06		Date Accountant Report Submitted to State: 1/20/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

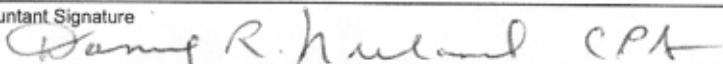
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Daniel R. Nieland C.P.A.			
Street Address 201 South Main St.		City Cheboygan	State Mi
		ZIP 49721	
Accountant Signature 		Date	

CHEBOYGAN AIRPORT AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

AND

FOR THE YEAR ENDED DECEMBER 31, 2003

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

201 SOUTH MAIN STREET
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MEMBER
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Members Of The Board
Cheboygan Airport Authority
Cheboygan, Michigan 49721

I have audited the accompanying statement of net assets of the Cheboygan Airport Authority (the Airport) as of December 31, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and cash flows for the period then ended. These financial statements are the responsibility of the management of the Airport. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects the financial position of Cheboygan Airport Authority as of December 31, 2004 and 2003, and the results of the activities and its cash flows for the initial period then ended in conformity with accounting principles generally accepted in the United States of America. The Cheboygan Airport Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of January 1, 2004.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



CERTIFIED PUBLIC ACCOUNTANT

January 19, 2006
Cheboygan, Michigan 49721

CHEBOYGAN AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD & A) of the Cheboygan Airport Authority's activities is intended to provide an overview of the Authority's financial condition. The information contained in this MD & A should be considered in conjunction with the statement of net assets; the statement of revenue, expenses and changes in net assets; the statement of cash flows and other information contained in this report.

Operational Overview

Co-managers now manage the Airport and each works half time. The total salary is \$36,000.

The State Airport Development Loan was paid off during the year. The original loan amount was \$10,000.

Fuel sales have decreased from 2003 to 2004. We believe that the self-service system will eventually improve sales.

Two pilots have set up their business at the Airport to offer aircraft maintenance and inspection services, charter services, flight training and other aircraft services. This should increase air traffic and fuel sales.

Grant money was expended during 2004 to correct and improve drainage, purchase a new pick up with a plow and a New Holland diesel tractor. Grant funds for 2003 were 90% Federal, 5% State and 5% local match. In 2004, the grant money was 95%, 2.5% and 2.5%. Because grant funding is recognized as current revenue, however, the assets listed above are written off over a long period of time. There is an increase in net assets during 2004.

The Airport needs ongoing support from local municipalities to meet all financial obligations. Though it is an independent Authority, it is dependent on the City and County of Cheboygan. We are very grateful for this continued support.

CHEBOYGAN AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position Summary

A condensed summary of the Authority's statement of net assets for the years ended December 31 is presented below:

	<u>2004</u>	<u>2003</u>
ASSETS:		
Current	\$ 39,247	\$ 28,920
Non-Current	<u>1,400,031</u>	<u>1,254,403</u>
TOTAL ASSETS	<u>\$1,439,278</u>	<u>\$1,283,323</u>
LIABILITIES:		
Current	\$ 37,457	\$ 24,562
Non-Current	<u>59,224</u>	<u>64,055</u>
TOTAL LIABILITIES	<u>\$ 96,681</u>	<u>\$ 88,617</u>
NET ASSETS	<u>\$1,342,597</u>	<u>\$1,194,706</u>

Summary of Changes in Net Assets

A condensed summary of the Authority's changes in net assets for the years ended December 31 is presented below:

	<u>2004</u>	<u>2003</u>
Operating Revenue	\$ 106,088	\$ 106,344
Cost of Sales	48,520	42,097
Operating Expense	<u>162,341</u>	<u>181,383</u>
Operating Loss	(104,773)	(117,136)

CHEBOYGAN AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Changes in Net Assets (Continued)

	<u>2004</u>	<u>2003</u>
Non-Operating Revenue:		
Federal Grants	\$194,529	\$ 0
State Grants	8,073	0
Interest Income	62	129
Municipal Appropriations	<u>50,000</u>	<u>58,795</u>
Total Non-Operating Revenue	<u>252,664</u>	<u>58,924</u>
NET INCREASE IN NET ASSETS	<u>\$147,891</u>	<u>\$ 58,924</u>

Financial Statements

Cheboygan Airport Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The Authority accounts for its activity in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are depreciated (except land and construction -in-progress) over their useful lives. Construction -in-progress projects are closed and transferred to their respective capital accounts upon completion.

Contacting the Authority's Financial Management

This financial report is intended to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Cheboygan Airport Authority at 1520 Levering Road, Cheboygan, Michigan.

CHEBOYGAN AIRPORT AUTHORITY
STATEMENT OF NET ASSETS

	<u>ASSETS</u>	
	December 31 <u>2004</u>	December 31 <u>2003</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 4,350	\$ 11,261
Accounts Receivable	3,074	2,001
Inventory	27,841	11,367
Prepaid Insurance	<u>3,982</u>	<u>4,291</u>
TOTAL CURRENT ASSETS	39,247	28,920
 CAPITAL ASSETS	 <u>1,400,031</u>	 <u>1,254,403</u>
 TOTAL ASSETS	 <u>\$1,439,278</u>	 <u>\$1,283,323</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 27,199	\$ 4,567
Payroll and Sales Tax Payable	1,672	1,503
Deferred Revenue	1,836	1,348
Accrued Interest	20	404
Note Payable – Current	<u>6,730</u>	<u>16,740</u>
TOTAL CURRENT LIABILITIES	37,457	24,562
 NOTE PAYABLE – LONG-TERM	 <u>59,224</u>	 <u>64,055</u>
TOTAL LIABILITIES	96,681	88,617
NET ASSETS	<u>1,342,597</u>	<u>1,194,706</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,439,278</u>	<u>\$1,283,323</u>

CHEBOYGAN AIRPORT AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

	December 31 <u>2004</u>	December 31 <u>2003</u>
OPERATING REVENUE:		
Fuel and Oil Sales	\$ 63,820	\$ 56,829
Lease and Contracts	11,687	14,646
Hangar Rent and Tie Down Fees	29,977	34,246
Miscellaneous	<u>604</u>	<u>623</u>
TOTAL OPERATING REVENUE	106,088	106,344
COST OF FUEL AND OIL SALES	<u>48,520</u>	<u>42,097</u>
	57,568	64,247
OPERATING EXPENSES:		
Advertising	240	361
Bad Debts	0	955
Credit Card Fees	1,467	1,511
FBO Agreement	0	4,000
Fuel & Oil	1,795	207
Depreciation	60,428	51,920
Insurance	13,983	13,695
Interest	619	1,477
Professional Fees	7,240	4,420
Licenses	291	451
Maintenance	14,447	37,536
Miscellaneous	944	8,681
Salaries & Wages	44,893	41,399
Payroll Taxes	5,742	5,397
Subscriptions & Memberships	347	347
Office Supplies	880	422
Supplies	317	243
Telephone	1,962	1,985
Utilities	<u>6,746</u>	<u>6,376</u>
TOTAL OPERATING EXPENSES	<u>162,341</u>	<u>181,383</u>
OPERATING LOSS	(104,773)	(117,136)

The accompanying notes are an integral part of these financial statements.

CHEBOYGAN AIRPORT AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
CONTINUED

	December 31 <u>2004</u>	December 31 <u>2003</u>
NON-OPERATING REVENUE:		
Federal Grants	\$ 194,529	\$ 0
State Grants	8,073	0
Interest Income	62	129
Municipal Appropriations	<u>50,000</u>	<u>58,795</u>
 TOTAL NON-OPERATING REVENUE	 <u>252,664</u>	 <u>58,924</u>
 INCREASE (DECREASE) IN NET ASSETS	 147,891	 (58,212)
 NET ASSETS – BEGINNING	 <u>1,194,706</u>	 <u>1,252,918</u>
 NET ASSETS – ENDING	 <u>\$1,342,597</u>	 <u>\$1,194,706</u>

The accompanying notes are an integral part
of these financial statements.

CHEBOYGAN AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS

	December 31 <u>2004</u>	December 31 <u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 147,891	\$ (58,212)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	60,428	51,920
Changes in Operating Assets and Liabilities Which (Used) Provided Cash:		
Accounts Receivable	763	3,519
Inventory	(16,474)	22,784
Prepaid Expenses	309	1,565
Accounts Payable	22,632	1,696
Accrued Expense	(215)	(376)
Deferred Revenue	<u>(1,348)</u>	<u>(169)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>213,986</u>	<u>22,727</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Capital Assets	<u>(206,056)</u>	<u>(65,000)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(206,056)</u>	<u>(65,000)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Loan Proceeds New Debt	0	65,000
Repayment of Long-Term Debt	<u>(14,841)</u>	<u>(20,502)</u>
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	<u>(14,841)</u>	<u>44,498</u>
NET (DECREASE) INCREASE IN CASH	(6,911)	2,225
CASH BALANCE – BEGINNING	<u>11,261</u>	<u>9,036</u>
CASH BALANCE – ENDING	<u>\$ 4,350</u>	<u>\$ 11,261</u>

The accompanying notes are an integral part
of these financial statements.

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Government*. In accordance with Statement No. 34, the Authority is considered to be a Special Purpose Government due to engaging in only one business type of activity. To conform to the Statement, the Authority has included a Management's Discussion and Analysis section.

The financial statements of the Cheboygan Airport Authority (Authority) are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The Cheboygan Airport Authority (the Airport) was created by Public Act 206 as amended by Public Act 153, in July 1997, under an agreement between and through the transfer of various assets from the County of Cheboygan (the County) and the City of Cheboygan and began operations effective November 24, 1997. The Airport was formed for the purpose of promoting, improving, maintaining and operating the land, navigational and building facilities at the Cheboygan County Airport.

The Airport receives significant appropriations from the County although it is not a component unit of the County.

The following is a summary of the Airport's significant accounting policies:

FUND ACCOUNTING

The accounts of the Airport are organized on the basis of a single enterprise fund. The operations of this fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Government resources are allocated for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Airport has decided that the determination of revenues earned, costs incurred, or net income is necessary for management accountability.

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Airport uses the accrual basis of accounting; accordingly, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The enterprise fund is accounted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on the statement of net assets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits.

INVENTORY

Inventory consists of airplane fuel and is reported at the lower of cost or market on a first-in, first-out basis.

PREPAID EXPENSES

Prepaid expenses consist of payments made to vendors for services that will benefit future periods.

FIXED ASSETS

All purchased fixed assets are recorded at cost. Donated fixed assets, if any, are valued at their estimated fair value on the date received. Fixed assets are being depreciated on a straight-line basis over estimated useful lives, which range from five to forty years.

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE B – CASH AND CASH EQUIVALENTS

The caption on the accompanying statement of net assets related to cash and cash equivalents are as follows:

	December 31 <u>2004</u>	December 31 <u>2003</u>
Checking	\$ 2,632	\$ 5,812
Savings	432	4,174
Cash on Hand	100	100
Reserve for Capital Assets	<u>1,186</u>	<u>1,175</u>
	<u>\$ 4,350</u>	<u>\$ 11,261</u>

At December 31, 2004, and December 31, 2003, bank balances were fully insured (FDIC).

Statutory Authority

The Airport is authorized by Michigan law to invest surplus funds in the following way:

- a. Bonds, security, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and maturing not more than 270 days after the date of purchase.
- d. Bankers' acceptance of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, is rated as investment grade by at least one standard rating service.
- f. Mutual funds, registered under the Investment Company Act of 1940, with the Airport to purchase only investment vehicles that are legal for direct investment by a public corporation.

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE C – CAPITAL ASSETS

The Airport's fixed assets consist of the following as of

December 31, 2004:

	<u>Cost</u>	<u>Net Accumulated Depreciation</u>	<u>Book Value</u>	<u>Useful Life</u>
Land	\$ 44,086	\$ 0	\$ 44,086	-
Runways	1,245,349	300,920	944,429	25-40 years
Machinery & Equipment	28,222	17,522	10,700	10 years
Office Equipment	5,822	3,573	2,249	5-10 years
Vehicles	210,277	64,382	145,895	7-10 years
Buildings	311,454	178,075	133,379	10-40 years
Fuel Systems	<u>149,025</u>	<u>29,732</u>	<u>119,293</u>	25 years
	<u>\$1,994,235</u>	<u>\$594,204</u>	<u>\$1,400,031</u>	

December 31, 2003:

Land	\$ 44,086	\$ 0	\$ 4,086	-
Runways	1,177,210	267,897	909,313	25-40 years
Machinery & Equipment	28,634	14,699	13,935	10 years
Office Equipment	4,799	2,919	1,880	5-10 years
Vehicles	72,970	55,825	17,145	7-10 years
Buildings	311,454	168,663	142,791	10-40 years
Fuel Systems	<u>149,025</u>	<u>23,770</u>	<u>125,255</u>	25 years
	<u>\$1,788,178</u>	<u>\$533,773</u>	<u>\$1,254,405</u>	

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE D – LONG-TERM DEBT

The Airport's long-term debt consist of the following:

	December 31 <u>2004</u>	December 31 <u>2003</u>
Loan Payable to the State of Michigan in annual installments of \$10,046, including interest charged at 5.70%.	\$ 0	\$ 9,533
Loan payable to Citizens National Bank of Cheboygan for the purchase of a fuel truck. The loan requires 60 monthly installments of \$377, including interest charged at 4.90%.	5,818	9,502
Loan payable to Arrow Energy, Inc. for a fuel system. Repayment of principal at the rate of .13 cents per gallon of fuel purchased. Interest rate of 0% through maturity date, which is July 31, 2013. After maturity, the interest rate shall be 5.0% on the outstanding balance.	<u>60,136</u>	<u>61,760</u>
TOTAL LONG-TERM DEBT	<u>\$ 65,954</u>	<u>\$ 80,795</u>

The amount of principal due within one year is \$6,730.

NOTE E – LEASES AND RELATED PARTY TRANSACTIONS

The Airport leased office and parking space on a month-to-month basis to Straits Area Regional Ride through July 1, 2005, for a monthly lease amount of \$800.00.

The Airport leases land for farming to Inverness Dairy Farms and property to the Cheboygan Golf and Country Club.

The Airport leases hangars to various individuals on a contract basis. Rents are to be paid monthly.

CHEBOYGAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE F – RISK MANAGEMENT

The Airport is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it obtains coverage from commercial insurance companies. The Airport has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

DANIEL R. NIELAND

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 19, 2006

Members Of The Board
Cheboygan Airport Authority
Cheboygan, Michigan 49721

I have audited the general-purpose financial statements of the Cheboygan Airport Authority (the Airport), as of and for the year ended December 31, 2004, and have issued my report thereon dated January 19, 2006. I conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Airport's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audits and, accordingly, I do not express an opinion. These results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, I consider the Airport's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain

matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Airport's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable condition is described as follows:

Due to staff size, there is limited segregation of duties over cash receipts and the recording of these transactions. The Airport recognizes this risk, but no change will be implemented because the costs would exceed the benefits.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management, others within the Airport, and the Airport's Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721